

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE PETITION OF THE)	
PUBLIC SERVICE COMMISSION STAFF AND)	PSC DOCKET NO. 18-0935
DELAWARE DIVISION OF THE PUBLIC ADVOCATE)	
TO ESTABLISH A REGULATION FOR)	
DISTRIBUTION SYSTEM INVESTMENT PLANS)	
FOR DELAWARE ELECTRIC, NATURAL GAS AND)	
WATER UTILITIES (Filed July 2, 2018))	

**JOINT MOTION OF THE DELAWARE PUBLIC SERVICE COMMISSION STAFF AND THE DELAWARE
DIVISION OF THE PUBLIC ADVOCATE SEEKING RELIEF ON BEHALF OF DELAWARE UTILITY CUSTOMERS
REGARDING PUBLIC UTILITY COMPANIES' DISTRIBUTION INVESTMENT PLANS**

COME NOW the Staff of the Delaware Public Service Commission ("Staff") and the Delaware Division of the Public Advocate ("DPA") (together "Joint Applicants") to request the Delaware Public Service Commission ("Commission") to open a docket for the purpose of establishing requirements regarding the distribution system investment plans of all Commission-regulated electric, natural gas and water utilities on behalf of customers of those utilities. The Joint Applicants respectfully request that such a docket include an analysis of the level of investment necessary to provide safe and adequate utility service, meet performance targets in any relevant Regulation docket, and provide the details of cost containment programs utilized by utilities to minimize cost to customers. In support of their request, the Joint Applicants state as follows:

A. Background

1. On May 7, 2013, the Commission opened Docket No. 13-152 to investigate the level of distribution investment by Delmarva Power & Light Company ("Delmarva") as a result of Delmarva's plans, expressed in Docket No. 13-115, to spend approximately \$397 million over the next five years on distribution infrastructure. Subsequently on June 18 2014, Delmarva filed a merger application (PSC Docket No. 14-193) addressing similar issues, and Docket No. 13-152 was stayed pending the outcome

of the merger docket. As a result of a settlement agreement in the merger docket, Delmarva agreed to limit distribution infrastructure spending to \$225 million dollars between 2015-2019.

2. In PSC Regulation Docket No. 50, the Commission established reliability performance standards for Delmarva. At this time, Delmarva's electric distribution system is far exceeding the reliability standards that this Commission established in Regulation Docket No. 50. In fact, in 2017, Delmarva set a record level of reliability in Delaware. Outages decreased by 16 percent compared to 2016 and restoration time was four minutes faster than 2016.

3. Delmarva Power & Light Company ("Delmarva") already submits Regional Transmission Expansion Projects to PJM Interconnection, Inc. for its approval. Distribution planning will provide a proactive measure regarding state-jurisdictional distribution system plans and improvements.

4. On May 16, 2017, Senate Bill ("SB") 80 (Exhibit 1) was introduced in the Delaware General Assembly. This bill sought authority for Commission-regulated electric and natural gas utilities to assess a Distribution System Improvement Charge ("DSIC") similar to that approved for Commission-regulated water companies. The DSIC is a legislatively-approved cost recovery mechanism that allows utilities to recover expenses incurred between rate cases for eligible distribution system improvements.

5. On May 16, 2017, Senate Substitute 1 ("SS 1") for SB 80 (Exhibit 2) was adopted in lieu of the original bill.

6. On April 19, 2018, an amendment was filed (Exhibit 3 - Senate Amendment 1 for Senate Bill 80), which included several customer protections such as a stay-out period, public notice, and a sunset provision. Key stakeholders discussed whether to include a distribution planning component in the legislation, but ultimately agreed that such information might be obtained via a Commission regulation.

7. On April 24, 2018, Commission Staff, the Delaware Division of the Public Advocate and Delmarva Power entered into a Memorandum of Understanding ("MOU") (Exhibit 4) regarding

distribution planning. The MOU calls for the first stakeholder meeting to take place by July 31, 2018. In addition, by no later than March 31, 2019, Delmarva, DPA, and Staff will provide the Commission with an update on their progress. Finally, the MOU calls for submission of proposals for review and approval to the Commission by September 1, 2019.

8. On April 26, 2018, an amendment making minor technical corrections to SS 1 for SB 80 was filed.

9. On May 1, 2018, Chesapeake Utilities agreed to participate in a proceeding to establish Commission-approved distribution planning requirements (Exhibit 5).

10. On May 3, 2018, the Delaware Senate approved SS 1 for SB 80 .

11. On June 7, 2018, the Delaware House of Representatives approved SS 1 for SB 80.

12. On June 14, 2018, Governor John Carney signed SS 1 for SB 80 into law.

B. Need for Relief

13. As noted above, in the past the Commission has opened proceedings to review infrastructure investment spending. Now that the DSIC has been approved for electric and natural gas utilities in Delaware, the Joint Applicants request the Commission to implement the terms of the MOU and open a docket to examine utilities' distribution infrastructure spending and establish regulations for distribution system planning to apply to all electric, natural gas, and Class A water utilities.

WHEREFORE, the Joint Applicants request that the Commission enter an order in the form attached hereto open a docket to establish distribution system planning for Commission-regulated electric, natural gas and Class A water utilities.